

# Cardinal Innovations HEALTHCARE

Presentation to the Joint Legislative  
Oversight Committee on Health and  
Human Services

September 27, 2016

## Investment Initiatives

- \$13.6 million in additional b(3) services
- \$11.5 million in services for the uninsured
- \$1 million for Care Coordination enhancement
- \$2 million for a 4% ICF/MR rate increase
- See handout

- LME/MCO Fund Balance

\$832 million plan savings

\$187 million restricted risk reserve

**\$1.019 billion total**

## Medicaid Savings

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- Federal Regulations
- CMS
- State Auditor
- CMS Audit and Payback Risk

## LME/MCOs

- LME/MCOs operate as businesses
  - Federal regulations, contracts, and operational requirements are identical to commercial insurers
- However, LME/MCOs are public entities
- State/counties are the shareholder

## Medicaid Reform

- Transition to integrated, capitated, competitive Medicaid
- Choice, Choice and Choice
  - Choice of vendor plans for the State
  - Choice of plans for providers
  - Choice of both providers and plans for members
- Different plans will provide different services

## Medicaid Reform and Special Populations

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- IDD, mental health and substance use
- Integration maximizes the benefit to enrollees
- “Hard” Medicaid
  - 25% of enrollees
  - 63% of the costs
- “Easy” Medicaid
  - 75% of enrollees
  - 37% of the costs

## Reformed Medicaid and IDD

- Only 2 states offer plans for IDD
  - Kansas, since 2014
  - North Carolina, since 2005
- Long term services and supports for IDD are the most difficult to manage and finance
- 1% of Cardinal's members drive 52% of service costs
- Reformed states struggling to include IDD:
  - Louisiana, Iowa, New York, Illinois, New Hampshire, Texas, Oklahoma, Nebraska, Arkansas



## Special Populations and Medicaid Reform

- Ensure Medicaid reform works for those who need it the most
- Include services for IDD, mental health and substance use
- LME/MCO fund balance of \$1.019 billion could provide an additional **\$3.077 billion** in new Medicaid services
- Opportunities
  - Eliminate IDD wait list
  - Enhanced jail diversion and ED diversion initiatives
  - Expanded preventative programs to combat opioid addiction